

MINUTES OF THE REGULAR CITY COUNCIL MEETING
TUESDAY- -MARCH 16, 2010- -7:00 P.M.

Mayor Johnson convened the meeting at 7:32 p.m.

ROLL CALL - Present: Councilmembers deHaan, Gilmore, Matarrese, Tam and Mayor Johnson – 5.
Absent: None.

AGENDA CHANGES

(10-109) Mayor Johnson announced that the Alameda and Contra Costa County City Managers' Proposal [paragraph no. 10-118] would be continued to April 20; the Kemper Sports Presentation [paragraph no. 10-119] would be presented in conjunction with the Recommendation to Authorize the Interim City Manager to Enter into Negotiations with Kemper Sports [paragraph no. 10-125]; the Public Hearing to Consider Introduction of an Ordinance Amending Alameda Municipal Code Subsection 30-5.15 [paragraph no. 10-121] would be continued to May 4; the Public Hearing to Consider Introduction of an Ordinance Amending Sections 30-36 and 30-37 [paragraph no. 10-122] would be continued to April 6; and the Council Referral to Consider Pursing the Establishment of a Task Group [paragraph no. 10-127] would be continued to April 6.

Councilmember Tam moved approval of continuing the items to the dates specified.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote – 5.

PROCLAMATIONS, SPECIAL ORDERS OF THE DAY & ANNOUNCEMENTS

(10-110) Proclamation Declaring March 14 through March 21, 2010 as Women's Military History Week.

Mayor Johnson read and presented the proclamation to Mildred Nolan, World War II Navy Veteran.

Ms. Nolan thanked Council for the proclamation; invited Council to attend the Women in Military History Week event on Saturday, March 20th.

(10-111) Proclamation Declaring March 21 through March 27, 2010 as Boys and Girls Club Week.

Mayor Johnson read and presented the proclamation to Sally Rudloff, Boys & Girls Club President; Marc Morales, Site Director; and Boys & Girls Club members.

Ms. Rudloff thanked Council for the proclamation; stated construction has started at the facility.

CONSENT CALENDAR

Councilmember Gilmore moved approval of the Consent Calendar.

Councilmember Matarrese seconded the motion, which carried by unanimous voice vote – 5. [Items so enacted or adopted are indicated by an asterisk preceding the paragraph number.]

(*10-112) Minutes of the Special Joint City Council and Public Utilities Board Meeting held on February 25, 2010 and the Special and Regular City Council Meetings held on March 2, 2010. Approved.

(*10-113) Ratified bills in the amount of \$5,328,799.92.

(*10-114) Recommendation to Award Three-Year Contract for Professional Audit Services to Maze & Associates. Accepted.

(*10-115) Recommendation to Approve the Purchase and Installation of a New Voice Over Internet Protocol Hosted Telephone System from AT&T in an Amount Not to Exceed \$500,000. Accepted.

(*10-116) Resolution No. 14429, “Authorizing the Interim City Manager to File an Application for Federal Jobs for Main Street Act of 2010 Funding for the Harbor Bay Parkway Rehabilitation Project and Stating the Assurance to Complete the Project.” Adopted.

(*10-117) Introduction of Ordinance Amending Sections 30-37.6 of the Alameda Municipal Code Related to Design Review Approval Expiration and Extension. Introduced.

CITY MANAGER COMMUNICATIONS

(10-118) Alameda and Contra Costa County City Managers' Proposal for Regional Pension Reform. Continued to April 20, 2010.

(10-119) Kemper Sports Inc. Presentation - Chuck Corica Golf Course Vision Concept.

Note: The item was presented in conjunction with the Recommendation to Authorize the Interim City Manager to Enter into Negotiations with Kemper Sports Management [paragraph no. 10-125].

REGULAR AGENDA ITEMS

(10-120) Public Hearing to Consider a Call for Review of the Planning Board's Modification of a Use Permit for Extended Hours of Operation at the Kohl's Store Located at 2201 South Shore Center; and

(10-120A) Resolution No. 14430, "Upholding the Planning Board's Decision and Approving Modified Use Permit PLN09-0330 at 2201 Southshore Center (Kohl's)." Adopted.

Councilmember Tam stated that Councilmember Matarrese followed the protocol of submitting a written request within the time period after the Planning Board took action for the Call for Review for 1623 Park Street; that she does not see a written request from Vice Mayor deHaan; inquired whether a written request is required.

The Interim City Manager responded a completed form was not received; that she has documented the events; no one mentioned any form to her; Vice Mayor deHaan sent an email but not the completed form; verbally, the request [Call for Review] was submitted within the timeframe, but the email was not.

Vice Mayor deHaan stated that he was assured that a verbal request was fine; that he did not provide a written request by direction of the City Attorney.

Councilmember Tam inquired whether a written request is required.

The City Attorney responded the ordinance does not require a written request; stated written requests have been provided in the past; Vice Mayor deHaan made an administrative request to the Interim City Manager; Vice Mayor deHaan inquired whether the request needed to be in writing and was told the request would be followed up in writing; however, the matter dropped between the cracks.

Councilmember Tam stated the purpose [of a written request from Council] is to give the community an opportunity to understand the reason and background; Kohl's should have been advised of the reason for the Call for Review; Kohl's is having to deal with a technical issue because of an application oversight on the City's part; the issue seems hypocritical, if the City cannot follow its own rules.

Councilmember Matarrese concurred with Councilmember Tam; stated an appeal would not be accepted without documents in writing; requests [Call for Review] should be required to be in writing.

Councilmember Gilmore concurred with Councilmember Tam and Councilmember Matarrese; stated Council has had many discussions regarding the City being business friendly; procedures need to be established and followed.

Mayor Johnson stated requiring Calls for review to be in writing is a valid point; the same burden for filing a written request should be applied to an appeal filed using a Call for Review process.

Councilmember Gilmore inquired why a written request was not provided.

The Interim City Manager responded that she did not know a form was required; stated

Vice Mayor deHaan sent a written request via email.

Councilmember Tam inquired whether Kohl's is aware of the reason for the Call for Review, to which the Planning Services Manager responded in the affirmative.

Mayor Johnson inquired whether Kohl's has any objection to proceeding with the hearing.

The Kohl's representative responded that Kohl's just wants to know why there is a Call for Review and what are the next steps.

The Planning Services Manager gave a brief presentation.

Vice Mayor deHaan stated 60 days [of extended hours] were allotted to Kohl's, 35 to 36 days were discussed back in October 2008; direction was given by Council; Kohl's request was not 60 days, but closer to 40 days; there was some confusion; that he is surprised to see the 35 days not reflected in the minutes; when reviewing the audio, Councilmember Matarrese stated 35 days; said direction was given; a modification would actually encompass the exact Kohl's request [for 40 days]; there is a moratorium of three years before requests can return, which was not done; likewise, there was a requirement to pay some fees, which was not included either; that he would like to get some clarification.

Mayor Johnson stated Vice Mayor deHaan stated said issues are not related to the appeal tonight.

Vice Mayor deHaan disagreed.

Councilmember Tam inquired whether Vice Mayor deHaan is saying that he disagrees with the Planning Board's expansion of Kohl's hours, which is the reason for the Call for Review.

Vice Mayor deHaan responded the number of days is the reason for the Call for Review; inquired whether Council gave direction in October 2008.

The Planning Services Manager responded that he listened to the tape twice; he distinctly remembers that staff was to determine what was the Christmas holiday season; that he remembers hearing Councilmember Gilmore say that Christmas holiday season starts around Thanksgiving; the minutes and the motion did not include the 35 day count.

Mayor Johnson stated Council needs to be very careful with using the word "direction"; a comment by a Councilmember is not direction; one Councilmember cannot give direction.

Vice Mayor deHaan stated that he recalls Councilmember Matarrese accepting the

direction as an amendment; Council agreed to the amendment, but it did not get memorialized.

Mayor Johnson inquired whether Vice Mayor deHaan is saying that it was part of the motion and was not noted, to which Vice Mayor deHaan responded in the affirmative.

The Planning Services Manager stated the Planning Department's determination was that the Christmas holiday season starts on Thanksgiving; staff was directed by Council to make the determination as to when the days would start and end; staff made the determination that the Christmas holiday season starts on Thanksgiving and ends on January 1st which happens to be approximately 35 days, which was more of a coincidence.

Mayor Johnson inquired whether a procedural discussion is even necessary because the appeal process is de novo, which means that everything is new and what happened procedurally before does not matter; the merits of the appeal should be addressed; inquired whether Vice Mayor deHaan is appealing based on the number of days.

Vice Mayor deHaan responded that he believes an amendment was on the table that gave direction; stated Councilmember Matarrese can be asked.

Councilmember Matarrese stated that he remembers making a motion to allow Kohl's to be open [for extended hours] during the Christmas season, but that he does not remember 35 days; that he believes Vice Mayor deHaan stated 35 days; the motion in the minutes reflected Christmas season.

Vice Mayor deHaan inquired whether the Planning Board approved 60 days.

The Planning Services Manager responded the motion was not understood to mean that no one could apply for anything different in the future.

Councilmember Matarrese stated the Call for Review is for a new Use Permit that requests more [days]; that he wants to uphold the Planning Board's decision because there has not been a problem; that he has not heard any complaints from anyone regarding Kohl's; that he welcomes the tax dollars and would like to uphold the Planning Board's decision on the new permit application.

Councilmember Gilmore stated Kohl's wants to expand hours; Kohl's followed procedures by applying for a new Use Permit which was a different hearing in front of the Planning Board and had nothing to do with what Council had done the previous October.

The Planning Services Manager stated the separate Use Permit was for additional hours originally granted by Council; staff's approach is that businesses can apply for a Use Permit for something different.

Mayor Johnson opened the public portion of the hearing.

Proponents (In favor of Appeal): Holly Sellers, Alameda; Kurt Libby, Alameda; Janet Libby, Alameda; and Michael Radding, Alameda.

Opponents (Not in favor of Appeal): Marilyn Ezzy Ashcraft, Planning Board President; and Robb Ratto.

There being no further speakers, Mayor Johnson closed the public portion of the hearing.

Following Ms. Seller's comments, Vice Mayor deHaan stated approximately five to seven 18-wheelers come into Safeway in addition to 15 to 25 vans; things have changed; Council has had discussions on the matter.

Following Ms. Ezzy Ashcraft's comments, Vice Mayor deHaan inquired whether Ms. Ezzy Ashcraft was aware of Kohl's original request.

Ms. Ezzy Ashcraft responded the packet has the September 30, 2009 letter; stated all parties have been confused; the solution may be a common sense solution that everyone can live with; a revocation hearing is also an option.

Vice Mayor deHaan stated three neighbors spoke tonight; inquired whether other stores were discussed at the prior meeting.

Ms. Ezzy Ashcraft responded a lot of shopping center traffic has been discussed.

Vice Mayor deHaan inquired whether Safeway was denied [extended hours], to which Ms. Ezzy Ashcraft responded in the affirmative.

Councilmember Gilmore requested the City Attorney to comment on the Municipal Code and what the Planning Board is allowed to do; stated staff indicated that the Planning Board has the option to revoke, do nothing, or modify the decision.

The City Attorney stated the Planning Board and City Council have the discretion to approve, deny, or modify an appeal, Call for Review, Revocation Hearing or any type of due process hearing; Section 30-25.5 of the Municipal Code states that the City Council and Planning Board have said discretion.

Councilmember Matarrese requested clarification on Use Permit costs.

The City Attorney responded the applicant pays for full staff time.

The Planning Services Manager stated Kohl's paid approximately \$1,600 for the Use Permit request to expand hours last summer; the request was approved; a citizen submitted a violation which put a burden on staff to hold a Revocation Hearing; a

business is not charged for a Revocation Hearing; Kohl's paid a deposit; staff bills time against the deposit.

Vice Mayor deHaan stated the City Attorney stated that the Planning Board and Council can take action; inquired whether one supersedes the other.

The City Attorney responded Council has the discretion to approve, deny, modify, or uphold the Planning Board decision.

Councilmember Tam moved approval of upholding the Planning Board's modification of the Use Permit for extended hours for all reasons stated, including the fact that the retailer should not be penalized for a City oversight; stated that businesses would like to see some certainty to minimize the risk of investment in this economic climate; Kohl's is a good sales tax provider.

Councilmember Gilmore seconded the motion.

Under discussion, Vice Mayor deHaan stated the original Kohl's request says 40 days; the City is business friendly; 40 days would have been more than ample time to cover Kohl's request; that he will not support the motion.

The motion carried by the following voice vote: Ayes: Councilmembers Gilmore, Tam Matarrese, and Mayor Johnson – 4. Noes: Vice Mayor deHaan – 1.

Councilmember Matarrese stated a form should have been used to make the Call for Review; there were staff errors; that he thinks there is still confusion on the process from the original permit to tonight; inquired whether some corrective action can be taken based on mistakes made; stated that he is glad additional truck deliveries were not approved; he has heard numerous complaints about trucks rumbling down streets away from the shopping center along Broadway, Otis Drive, and Grand Street; the Planning Board decision was common sense; that he lives near the Marina Village Shopping Center; Lucky's is open all night, which is noticeable; rules need to be explained when there are processes to follow; Council needs to follow the rules also.

Councilmember Matarrese moved approval of evaluating the process based upon what happened and come back with improvements that need to be made procedurally so that the same thing does not happen and Council does not have to rely upon memory.

Mayor Johnson stated that Council needs to be clear on all procedures involved tonight; a Call for Review should meet the same standards as an appeal; staff is not strict enough on the requirements for people filing appeals; notice has not been given on some appeals; more guidelines should be given to people filing appeals.

Councilmember Matarrese stated having a clear determination of the cost burden for either side of the table is important; burdens should be equal.

Councilmember Gilmore stated in this case, there was a Revocation Hearing and staff stated that the Applicant paid the fees at the beginning of the process and was not asked to pay another fee for the Revocation Hearing because the burden is now on the City as Compliance Officers.

Councilmember Matarrese stated that he thought that he heard that additional money was drawn out of the deposit; requested clarification.

Councilmember Tam stated the opponent did not pay the \$100 appeal fee because a Councilmember called the item for review.

Vice Mayor deHaan stated that he would second the motion with a modification regarding the oversight of activity and hours, which would not be the Planning Board's or Police Department's requirements; but would fall on Shopping Center management; the City should not be burdened with oversight; the Operator of the Shopping Center should be held accountable; the matter should be reviewed.

Councilmember Matarrese and Councilmember Gilmore stated the City is responsible.

The Interim City Manager stated the Shopping Center owner would not be responsible; having the Shopping Center owner to police his or her tenant is different all together.

Councilmember Matarrese stated the purpose of the motion is to look back on the process; another motion would be needed to take care of the other issue [monitoring].

Mayor Johnson stated the matter is a whole, separate discussion.

Councilmember Gilmore seconded the motion, which carried by unanimous vice vote – 5.

(10-121) Public Hearing to Consider Introduction of an Ordinance Amending the Alameda Municipal Code by Adding Subsection 30-5.15 (Medical Marijuana Dispensaries) to Section 30-5 (General Provisions and Exceptions) to Chapter XXX (Development Regulations, Article 1 Zoning Districts and Regulations) to Prohibit the Operation of Medical Marijuana Dispensaries in the City of Alameda. Continued to May 4, 2010.

(10-122) Public Hearing to Consider Introduction of an Ordinance Amending Sections 30-36 and 30-37 of the Alameda Municipal Code Related to Design Review and Section 30-6 Related to Signs and Related Amendments to the Guide to Residential Review and the Webster Street Design Manual. Continued to April 6, 2010.

(10-123) Resolution No. 14431, "Opposing Proposition 16, the "New Two-Thirds Vote Requirement for Local Public Electricity Providers – Initiative Constitutional Amendment." Adopted.

Councilmember Tam stated that she would need to recuse herself since she works for an employer who sells power to Pacific Gas & Electric (PG&E).

The Alameda Municipal Power (AMP) General Manager provided a brief presentation.

Mayor Johnson stated that many other municipalities have taken positions opposing the proposition.

The AMP General Manager stated approximately twenty-one municipal utilities and local governments have taken a position against the proposition.

Mayor Johnson stated more will oppose the proposition; inquired who is in favor of the proposition other than PG&E, to which the AMP General Manager responded the California Taxpayers Association and California Chamber of Commerce.

Councilmember Matarrese stated the proposition would move the existing vote of the simple majority to two-thirds; inquired what problem has precipitated the need to go from a simple majority to two-thirds.

The AMP General Manager responded having a two-thirds requirement would make it very difficult for municipalities to annex new territories or local governments to create community choice aggregation systems to buy power for residents.

Councilmember Matarrese stated the proposition would limit competition and ensure higher prices.

The AMP General Manager stated gaining entrance into the electricity business would be difficult; typically, one would expect higher prices with less competition.

Councilmember Matarrese inquired whether Alameda would not be able to get transmission right-of-ways.

The AMP General Manager responded language for existing public power entities is very unclear.

Councilmember Gilmore stated the proposition is in large part sponsored by PG&E; the proposition is targeted at municipal power companies and community choice aggregators that pull power together for citizen use; PG&E is putting an increased burden on AMP, but would be exempt; a two-thirds vote is needed for approval; the need to get a two-thirds vote from every city that transmission lines may go through is not clear; that she is not in support of the proposition because the proposition would be bad for AMP.

The AMP General Manager stated PG&E is the only financial supporter of the proposition.

Vice Mayor deHaan moved adoption of the resolution.

Councilmember Matarrese seconded the motion, which carried by the following voice vote: Ayes: Councilmembers deHaan, Gilmore, Matarrese and Mayor Johnson – 4. Abstentions: Councilmember Tam – 1.

(10-124) Recommendation to Accept the Report on Potential Operation of the Mif Albright Course by a Non-Profit and Hear a Presentation by Alameda Junior Golf on Potential Lease and Operation of the Mif Albright Course.

Alameda Junior Golf representatives Glenn Van Winkle, Norma Arnerich, Jane Sullwold, Chris Siewald, Joe Van Winkle, and Bob Sullwold gave a Power Point presentation.

Consultant David Sams gave a Power Point presentation.

Councilmember Tam requested Mr. Sams to comment on the prospects of turning the par 3 course around.

Mr. Sams stated the World Golf Foundation is pushing hard for the First Tee program to get juniors to play golf; the goal is to be in almost every school in the United States within ten years; currently, \$1.00 is charged for green fees; a lot of green fees would be needed to make things work; a lot of fundraising would be needed to keep operating the course.

Councilmember Tam inquired whether rates would need to be raised.

Mr. Sams responded there is not enough operating revenue to cover the operating expense for the majority of the First Tee stand alones; grants need to be pursued along with fundraising.

Councilmember Tam stated looking at the golf complex as a whole is important; inquired whether non-profits have operated in conjunction with a private operator who has its own turf management, to which Mr. Sams responded most stand alones are not part of an existing property.

Vice Mayor deHaan requested clarification of the \$7.00 rebate for a \$1.00 round.

Mr. Sams stated the Southern California Golf Association (SCGA) rebates the junior golf rate up to \$7.00; the SCGA supplements \$1.00 when a youth pays \$1.00 for a \$2.00 junior golf rate; that he would need to check about the Northern California Golf Association rebate amount.

Councilmember Gilmore thanked the Junior Golf Association for doing an amazing job; stated Page 4 of the report addresses the golf course as a whole and notes that the City

is only one of thirteen municipalities around the country that operates a 45-hole golf course; that she wants to ensure that juniors and seniors have a place to play, but also wants to ensure that golf in Alameda is saved for decades to come; inquired how the rest of the golf course would be impacted, to which Mr. Sams responded competition might occur.

Councilmember Gilmore stated the City has two championship 18-hole courses; the Mif Albright course is a place for beginners, seniors, and people with disabilities to play; two different populations are being served; inquired what the statistics noted on Page 4 would mean to the rest of the golf course.

Mr. Sams responded the National Golf Foundation report indicates that there is too much golf in Alameda; stated one proposal is to build a new Mif Albright course at Jack Clark golf course site, 9 holes would be lost, but everyone would be served on 36 holes.

Councilmember Gilmore inquired whether a profit could be turned for the other 18 hole courses if the Mif Albright course is removed [operated by a non-profit].

Mr. Sams responded the City actually has 36 holes; stated the north and south course players probably would not play the Mif Albright course; the courses would not be in direct competition; that he is not sure whether 36 holes can continue to operate at a profit.

Councilmember Gilmore stated revenues have declined; assuming the Mif Albright course is breaking even, the City still needs to ensure that the rest of the golf course will not be in trouble.

Councilmember Tam inquired whether the north and south course revenues are needed to subsidize the Mif Albright course to smooth out the peaks and valleys.

The Interim City Manager responded in the affirmative; stated a blended statement is provided for the whole complex; the courses were not run as separate programs; the \$800,000 in cost allocations, Payment in Lieu of Taxes, and Return on Investment charges are not allocated by course.

Vice Mayor deHaan stated some of the revenue generated for the City is from surcharges, which is predicated on rounds played.

In response to Councilmember Gilmore's inquiry, Mr. Van Winkle responded there are primary points relative to the operation; starter operations take in money; tee times would be needed if the course is really busy; the logical place [for said operations] would be the pro shop; that he has discussed the issue with Kemper Sports; Alameda Junior Golf would love to work with Kemper Sports or the company selected; a lot of economy of scales could be had; other options are available too.

Councilmember Gilmore inquired whether Junior Golf would hope to work with the

eventual operator of the course for the operation that deals with collecting customer's money.

Mr. Van Winkle stated two models have been built into the plan; one model would be to outsource the operation; the other model involves contractors, labor, and volunteers; some courses operate on self-management; there are other ways to regulate the course.

Speakers: Matthew Cerio, Alameda; Andy Cerio, Alameda; Erik Van Winkle; Sam Kunz, Alameda; Dot Moody, Alameda; Barbara Hoepner, Alameda; Pam Curtis, Alameda; Al Wagner, Alameda; John Curliano, Alameda Golf Club and Alameda Junior Golf Club; Alexander Stevens, Alameda Junior Golf (submitted handout); Jon Pecson, Alameda Soccer Club; Jim Strehlow, Alameda; Jane Sullwold, Golf Commission; Steve Taddei, Alameda Golf Club and Alameda Commuters Committee; Ken Arnerich, Alameda; Fred Framstead, Alameda Commuters Committee and Men's Club; Ron Salsig; Bill Schmitz, Golf Commission and Alameda Commuters Committee; Cheryl Saxton; Connie Wendling, Alameda Junior Golf; Ed Downing, Alameda Golf Club and Alameda Commuters Committee; former Councilmember Lil Arnerich, Alameda.

Councilmember Matarrese stated a par 3 course is needed; if closed, the par 3 course costs the City money; negotiations should start to see how the course can be kept open until replacement or alternative funding sources can be found; the General Fund was being fed from [golf course] deferred maintenance, which will have to be resolved for the whole complex.

Councilmember Gilmore stated that she agrees that the complex needs to be looked at as a whole; she wants to hear the rest of the presentation; the process started in 2007 when the golf course was in trouble because of declining revenues and there was no capital to bring the course up to par with other neighboring courses; a place is needed for kids to learn and seniors to play; discussions need to encompass the whole golf course.

Vice Mayor deHaan commended the group formed within the last five weeks; stated the golf community has demonstrated what can be done; the City has been blessed with the Siewald commitment [\$20,000 matching grant]; the situation is a win, win, win; the Mif Albright course was losing money; the proposal provides an opportunity to upgrade the existing golf course; the feeder system is important; five hearings have been held; not one person has suggested closing the Mif Albright course or two 18-hole courses.

Councilmember Tam moved approval of accepting the report; commended the efforts of Alameda Junior Golf for presenting a business plan to operate the par 3; stated the juniors and seniors need to be served; the operation has to be looked at holistically.

Vice Mayor deHaan seconded the motion.

Under discussion, Councilmember Gilmore stated that she is impressed with all the

work and research done by Alameda Junior Golf.

Councilmember Matarrese stated that he appreciates efforts made; the entire golf complex will be discussed as a whole; a proposal has been submitted by good people with a lot of expertise; a critical part of the golf course includes having a par 3 for beginners, a driving range, 18 hole courses, and a clubhouse; that he wants to see how to make everything work together.

* * *

Mayor Johnson called a recess at 10:58 p.m. and reconvened the meeting at 11:15 p.m.

* * *

(10-125) Recommendation to Authorize the Interim City Manager to Enter into Negotiations with Kemper Sports Management for the Long-Term Management and Operation of the Chuck Corica Golf Complex.

The Interim City Manager gave a brief presentation.

Ben Blake, Kemper Sports Management, gave a Power Point presentation.

Councilmember Gilmore stated the golf course has 36 championship holes; 111,000 rounds are played per year; inquired what is the capacity percentage.

Mr. Blake responded in 2003, 160,000 rounds were played, which was 67% [capacity].

Councilmember Gilmore inquired whether the projection is that rounds will remain flat for the next four years because of the Metropolitan Golf Links.

Mr. Blake responded rounds will be flat or slightly up; stated the hope is to get to a level of 130,000 rounds.

Councilmember Gilmore inquired how much would need to be charged to have everything work out well.

Mr. Blake responded that he thinks that the same rates could be charged with 27 holes to still make the numbers work; operating costs are lower; a lot of land needs to be maintained; the irrigation system is in disrepair; operating costs will go down with improvements.

Councilmember Gilmore inquired what would be the price differential by keeping the 36 holes; further inquired whether the current \$30 charge would rise to \$45 with capital infusion, Mr. Blake responded a round would cost closer to \$50.

The Interim City Manager stated currently, the average round [fee] is \$30; \$38 per round is needed [to cover costs]; putting \$500,000 into capital each year would increase the cost to approximately \$48 per round; figures are based on 120,000 rounds; both

Request for Proposals (RFP) respondents indicate that the facility needs \$6 million to \$8 million in improvements.

In response to Councilmember Gilmore's request further clarification, the Interim City Manager stated the average player pays \$38 per round; said average needs to be \$38 per round; \$500,000 per year should be put into capital infusion to keep the current golf course configuration going if the course is in good shape; said \$500,000 is in addition to the \$6 million to \$8 million need to improve the course condition; based on 120,000 rounds, rates would need to increase by \$5 per round.

In response to Councilmember Gilmore's inquired regarding infusing \$500,000 per year, Mr. Blake stated the commitment would need to be long term; everyone would go home if people thought that golf [play] would be flat forever.

Councilmember Matarrese inquired whether a new Mif Albright course [constructed by Kemper] would be comparable to the current course in function, cost, and purpose and have the same rates.

Mr. Blake responded the course would be a 9 hole par 3 course with contemporary tees and fairways and would be nicer than the existing course; stated a new par 3 course would be built if Council thinks that makes sense; a par 3 course is needed for juniors and seniors.

Councilmember Matarrese inquired whether a new course would be comparable in terms of having short fairways, being walkable, and good for children to play and learn.

Mr. Blake responded in the affirmative; stated the [new] par 3 course would have holes in the range of 100-180 yards, which is normal.

Councilmember Matarrese inquired whether the new Mif Albright course would be an executive course.

Mr. Blake responded in the negative; stated there would be more space between holes for safety reasons; the scope of the course would be a little bigger and would be more contemporary, but it would not have par 4 holes.

Vice Mayor deHaan inquired what the loss would be if the existing Mif Albright course was taken out of operation, to which the Interim City Manager responded that she does not know how to calculate the amount.

Vice Mayor deHaan inquired what would be the cost of building a new Mif Albright course, to which Mr. Blake responded approximately \$1 million.

Vice Mayor deHaan stated building a new course would be another burden.

Mr. Blake stated that he believes a new Mif Albright course would work financially.

Vice Mayor deHaan inquired whether taking the Mif Albright course out of operation has been taken into consideration, to which Mr. Blake responded in the negative.

Vice deHaan stated in 2003, new irrigation was installed at the north course; the south course has major irrigation problems.

Mr. Blake stated the south course has pump issues.

Vice Mayor deHaan stated the water received from the East Bay Municipal Utility District (EBMUD) is inadequate; inquired whether alternatives have been reviewed, to which Mr. Blake responded in the negative.

Vice Mayor deHaan stated that he would like to see a new profile on what can happen in light of new information; inquired whether tournament play is being maximized.

* * *

(10-126) Councilmember Matarrese moved approval of continuing the meeting past 12:00 midnight.

Vice Mayor deHaan seconded the motion, which carried by unanimous voice vote – 5.

* * *

John Vest, Kemper Sports, responded tournament rounds grew last year; almost \$200,000 was generated in tournament revenue last year; most of the increase was a result of gaining back trust.

Vice Mayor deHaan inquired whether there is an advantage to having one course used for tournament play and leaving the other course available for open play, to which Mr. Vest responded in the affirmative.

Vice Mayor deHaan inquired whether play has been lost because of the poor condition and inadequate drainage.

Mr. Vest responded play has been lost because of the inability to have carts on the course; some areas are very wet and people are losing golf balls.

Vice Mayor deHaan stated the north course is deplorable because of drainage; inquired what is Kemper's vision.

Mr. Blake responded areas need to be cleaned out; stated lines will be put in the wet spots to run the water to the major slews; drainage will be installed.

Vice Mayor deHaan inquired whether any steps [for improvements] have been taken in the last two years or whether a caretaker status has been maintained, to which Mr.

Blake responded a caretaker status has been maintained.

Vice Mayor deHaan inquired what kind of cost savings have been derived from having all personnel under Kemper Sports, to which the Interim City Manager responded approximately \$700,000.

Vice Mayor deHaan inquired how the transition has been working.

Mr. Vest responded currently sixteen employees are on the maintenance crew; stated things are working great.

Vice Mayor deHaan stated the set up [Kemper managing City employees] was awkward at first, but [staffing] is now under Kemper's purview.

Mr. Vest stated three [City] union staff members stayed; everyone is working as a team.

Councilmember Gilmore inquired whether the \$1 million to build a new Mif Albright course is part of the overall \$6 million to \$8 million, to which Mr. Vest responded in the affirmative.

Councilmember Tam stated there is a threshold in which fees can be increased without losing rounds because the market can only bare so much given the conditions of the golf course; inquired whether Option D [in the Kemper proposal: one 18 hole course, a 9 hole course, a par 3 executive course and concession buyout] would allow charging the market rate which is between \$30 to \$38, but \$47 could not be charged.

Mr. Blake responded resident rates would be in the affordable category; stated other rates would change because Alameda would be more competitive.

Councilmember Tam stated the north and south courses use reclaimed water from EBMUD; the Mif Albright course uses potable water; the cost differential is 20% and 30% rationing is imposed during a drought year, particularly for golf courses; using over the allotment imposes a 33% penalty; inquired whether turning the entire operation into potable water, paying more, and dealing with penalties would be worth it, to which Mr. Blake responded in the negative.

Councilmember Tam stated the City made a conscious effort to be greener by participating in a recycled water program; the City was able to enjoy a discounted rate because the State pays subsidies for recycled water; maybe the trade off has to be reevaluated if problems have been caused over the years.

Mr. Blake stated part of the problem is good drainage.

Councilmember Tam inquired whether Kemper operates in concert with a non-profit or other private operator elsewhere.

Mr. Blake responded in the negative; stated Kemper operates the First Tee program at Harding Park in San Francisco.

Steve Argo, Kemper Sports, stated the First Tee program at Harding Park has a separate driving range on the golf course that students have access to in addition to a classroom at the clubhouse.

Councilmember Tam inquired whether having a non-profit partner do programs for teens and seniors makes sense.

Mr. Blake responded that he does not think a non-profit would have the expertise to teach; stated volunteering involves oversight versus teaching golf lessons; that he would not feel comfortable giving up teaching golf lessons.

Councilmember Tam inquired whether a role could be envisioned for a non-profit to run programs.

Mr. Blake responded that he is not prepared to talk about the matter.

Vice Mayor deHaan stated the quality of water has deteriorated over the last three or four years; well water has been used but salt-water intrusion developed because casing collapsed; inquired whether other golf courses have successfully used well water.

Mr. Blake responded in the affirmative; stated water is the number one issue on golf courses; existing wells continue to be used; water is monitored and monthly reports are submitted to State agencies.

Vice Mayor deHaan stated the City recently dug to 200 feet; requested an example of a success story that Kemper has experienced upgrading a golf course and increasing rounds.

Mr. Argo stated Harding Park is a perfect example; the golf course was renovated in 2002 and reopened in 2003; rounds did not grow, but non-residents were charged a higher rate; revenues were approximately \$3.9 million annually when the golf course reopened; now, revenues are approximately \$8 million annually.

Vice Mayor deHaan inquired whether a 30-year contract is typical, to which Mr. Blake responded a 20 to 30-year contract is typical.

Vice Mayor deHaan inquired whether Mr. Blake is comfortable with the Alameda complex.

Mr. Blake responded the complex has a lot of potential because of the location and maturity; stated 110,000 rounds are being played despite the condition; improving the product would be significant; the formula works for Kemper and would also work for the City because the City would receive rent checks.

Vice Mayor deHaan stated the complex is still very successful; inquired how many rounds are played annually at Metropolitan Golf Links, to which Mr. Blake responded 55,000; stated there are different types of golfers; Alameda offers the most affordable golf on the market, but there is an opportunity to be more competitive.

Councilmember Gilmore inquired what is happening with Alameda Junior Golf now under Kemper running the complex.

Ms. Arnerich responded Alameda Junior Golf is using the par 3 and Jack Clark courses on Wednesdays throughout the summer; stated things are working very well; the pros provide half hour lessons to children who are not ready for the Mif Albright course or other courses.

Councilmember Gilmore stated there are two scenarios: one scenario is Kemper operating the golf course and working with Alameda Junior Golf; the other scenario is Kemper operating the golf course and Alameda Junior Golf operating the Mif Albright course separately; inquired what the scenarios would look like on a day-to-day basis.

Mr. Blake stated if the Mif Albright course were self-sustaining, Kemper would not be involved other than with lessons and tournaments; that he understands that Alameda Junior Golf would run the operation.

Ms. Sullwold stated that Alameda Junior Golf would welcome the opportunity to contract for maintenance with the company that gets the contract for the other 36 holes.

Councilmember Matarrese stated that the [Junior Golf] presentation noted that mowing and hardscape maintenance would be contracted to the operator of the rest of the complex; having a non-profit as a stand-alone is not practical.

Mr. Blake stated that Council approval would be needed first; Kemper would be open to the idea with Council approval.

Vice Mayor deHaan stated pros have always been dedicated to the youth; inquired whether that would continue, to which Mr. Vest responded absolutely.

Speakers: Jane Sullwold, Golf Commission; Joe Van Winkle; Norma Arnerich, Alameda; Barbara Hoepner, Alameda; Bob Sullwold, Alameda; Dot Moody, Alameda; Al Wagner, Alameda; David Hamilton, Alameda Commuters Committee and Alameda Golf Club; Bill Schmitz, Golf Commission and Alameda Commuters Committee; Beverly Blatt; Tim Scates, Alameda; Jim Strehlow, Alameda; Ed Downing, Alameda Golf Club and Alameda Commuters Committee; and Ray Gaul, Golf Commission.

Vice Mayor deHaan stated Mr. Blake stated things have changed [with the non-profit proposal to operate the Mif Albright course]; inquired whether Mr. Blake would be willing to look at two 18-hole courses, to which Mr. Blake responded in the affirmative.

Vice Mayor deHaan inquired whether Mr. Blake is comfortable in light of the changes.

Mr. Blake responded that he is not willing to make said statement; stated more homework needs to be done; pencils need to be sharpened; that he is willing to work on the issues.

Vice Mayor deHaan stated the north and south courses have different skill levels; making the two courses the same would be difficult.

Mr. Blake stated a professional golf architect was hired to come up with renditions; that he feels comfortable making three 9-hole courses in a similar style.

Vice Mayor deHaan inquired whether Mr. Blake has seen clubhouses at other similar level courses, to which Mr. Blake responded all of them.

Vice Mayor deHaan inquired whether accommodating all activity is difficult on a single course, to which Mr. Blake responded in the negative.

Councilmember Gilmore stated the Commuter and East Bay Junior Tournaments have a long history in Alameda; inquired whether tournaments could be run with only 27 holes without disrupting the flow and pace of play; further inquired how much revenue is made off tournaments every year.

Mr. Vest responded approximately \$200,000 for almost 6,000 rounds.

Councilmember Gilmore inquired whether rounds have remained stable over the last three or four years.

Mr. Vest responded rounds are blended with other golf course rates; stated last year's revenue was \$176,000; under the 27-hole concept, the biggest impact [on tournaments] would be during the first weekend; the qualifier would be different; players would have to go in two waves and would have to play the same two 9 holes to qualify on like conditions and courses.

Councilmember Gilmore inquired whether the Mif Albright course has a safety problem; stated some areas of the course get tight.

Mr. Blake responded the architect designed the new par 3 with spacing considered safe today; stated that he cannot comment on the [current] safety of the Mif Albright course.

Councilmember Gilmore requested Mr. Van Winkle to comment.

Mr. Van Winkle stated that he is not aware of any complaints or anyone getting hit or hurt.

Ms. Sullwold stated that she had not heard of any injuries on the Mif Albright course; most of the Mif Albright course holes are 100 yards or less and players have a much more controlled shot.

Vice Mayor deHaan stated players do not tee off until the greens are clear.

Councilmember Matarrese stated that he is hearing that a compact par 3 is needed so that young children and people near the end of their golfing life can play while walking; a driving range is needed in addition to championship 18 holes; having one or two courses is debatable; the proposal does not have any figures regarding running costs and how each option compares; a side by side comparison is needed; making a decision is a long way off; Council is here to give direction to start looking at two operators who can either work in concert or separately; that he would like to give direction to work with both parties to understand the concept of a non-profit and all the permutations that has on either running a stand alone course or contracting services from the operator and having the rest of the facility for the championship holes; he would like to have Kemper provide advice about what would be the cost of operating and catching up and keeping up with maintenance and whether it is practical to do with 36 holes or 27 holes; since reviewing the two operations will take time, the current Mif Albright course could have a short term contract with the non-profit to ensure that the course is not operated without a par 3.

Vice Mayor deHaan stated the first motion should address Council entering into exclusive negotiations with Kemper; the second motion should give direction to continue two 18-hole courses; the third motion should be to enter into negotiations or discussions with the non-profit for the Mif Albright course.

Councilmember Matarrese stated that he is not ready to talk about the number of holes.

In response to Vice Mayor deHaan' inquiry regarding removing the Mif Albright course from operations, the Interim City Manager stated the total complex with no changes has a \$750,000 shortfall; the shortfall has been reduced under Kemper.

Vice Mayor deHaan inquired what is the name of the other company [that responded to the RFP], to which the Interim City Manager responded Bellows Golf Management.

Councilmember Matarrese moved approval of entering into negotiations with Kemper as opposed to Bellows.

Councilmember Gilmore seconded the motion, which carried by unanimous voice vote – 5.

Councilmember Matarrese stated there are two offers on the table; one group is offering to raise money to operate a par 3 course; that he does not care where the par 3 course is as long as there is one; a lot of money needs to be raised to continue to have low green fees; having conversations with both groups is important because one is feeding

the other; the Interim City Manager should be directed to negotiate with both the non-profit and for profit to show the numbers for the options that do not work; then, a decision can be made.

The Interim City Manager stated various scenarios could be provided, but the negotiations would take longer now.

Vice Mayor deHaan inquired how much time would be needed, to which the Interim City Manager responded six months.

Mayor Johnson inquired whether the Kemper interim management contract would be extended, to which the Interim City Manager responded in the affirmative.

Councilmember Matarrese stated in the interim, some of the non-profit money should be used to maintain the par 3 course to ensure that children have a place to play in the spring and summer; that he would like to see an interim contract for both Kemper and the non-profit.

Councilmember Gilmore clarified that the Interim City Manager would negotiate with both entities; in the meantime, Kemper would have a short-term contract to maintain the status quo of the Mif Albright course and other two courses; meanwhile, the non-profit would continue raising money.

Ms. Sullwold stated the problem is that donations have to go to a 501(3)(c) corporation in order to allow deductions; most, if not all, donations would diminish if there is not an agreement that the non-profit would operate the Mif Albright course; donations are based on whether the plan [for long-term non-profit operation] goes forward.

The Interim City Manager stated the question is how long it will take to get all of the pieces together; there are too many moving parts; 90 to 180 days are needed for negotiations which should allow enough time to generate some revenue commitments; inquired whether people would not make commitments until after a deal is made.

Ms. Sullwold responded the people have committed to putting money forward to a non-profit operation; stated that she does not know if commitments would be made on an expectation of getting a contract.

Mr. Van Winkle stated the funding put together is predicated on Council giving direction to negotiate with the non-profit.

Councilmember Tam stated a long-term operator has been selected; direction has been given to negotiate with both Kemper and the non-profit; in the meantime, the Interim City Manager needs 180 days to negotiate with the parties; the City has a renewable clause with Kemper for every 30 days; inquired whether the Mif Albright course and two 18-hole courses would stay open for the next six months until a long-term agreement is reached.

The Interim City Manager responded in the affirmative; stated there would be no reason to make any changes until a final decision is made; all pieces of the puzzle need to fit.

Mr. Sullwold stated negotiating a license with Alameda Junior Golf would not take 180 days; discussing negotiations with Kemper can be done after fitting the Mif Albright course in the puzzle.

Ms. Sullwold stated Council needs to ask the people who made pledges whether they are willing to come forward with pledges without a contract.

Vice Mayor deHaan inquired whether a timeline could be established to review the full analysis.

The Interim City Manager responded that she understands the plan; stated non-profit negotiations will go faster than the number crunching for the 36 holes; the uses cannot be competing and need to dovetail into each other; insurance, indemnification, etc. for the non-profit have not been resolved yet; a decision cannot be made in a vacuum.

Vice Mayor deHaan inquired whether a certain amount of negotiations could be made upfront for both parties without finalizing with Kemper within 60 days.

The Interim City Manager responded a business term sheet could be developed within 90 to 120 days to deal with questions in the original motion in terms of cost, numbers, and the analysis, but the final document [agreement] could not be completed; 90 to 120 days is reasonable for a term sheet for both sides to see if pieces fit; legal documents could be drafted if Council blesses the business terms which would take another 90 days.

Vice Mayor deHaan inquired whether preferences should be discussed at this time.

The Interim City Manager responded that she understands that a motion includes: 1) having a par 3 course to deal with teens and seniors, 2) addressing the driving range issue, 3) dealing with the 36 holes, whether it is two 18-hole regulation courses or whatever combination makes sense, 4) evaluating financial numbers with both parties, 5) considering a non-profit option for operating the par 3, whether at the existing site or the Kemper par 3 option, and 6) continuing things for 90 days on an as-is basis; financials may need to be bifurcated and just review the par 3.

Mayor Johnson stated factoring in the cost for reconfiguring the golf course versus not reconfiguring should be reviewed.

The Interim City Manager stated justice scales will be reviewed as to what the percentage of receipts are on the business points; the General Fund would get less as a result of a long-term lease.

Mayor Johnson stated the motion does not include picking a configuration; inquired whether it would make sense to have a workshop to explain options at the golf course during the period of negotiations; stated tonight's meeting is not the best place to discuss what would work.

Vice Mayor deHaan stated a different concept has been presented tonight; that he would like to have more defined direction; he is not sure about having a workshop.

Mayor Johnson stated golfers should have the opportunity to provide input.

Councilmember Gilmore stated that she has a very clear understanding of what golfers want; financial feasibility is the only issue.

Mayor Johnson stated that she does not believe a decision will be a specific option; there will be tradeoffs.

Councilmember Matarrese stated financial boundaries need to be reviewed.

Mayor Johnson stated that she understands the issue regarding the two 18-hole courses; that she does not believe the issue is black and white.

Vice Mayor deHaan stated everything is open for discussion; that he would like to be able to provide what he prefers.

Mayor Johnson stated that everyone agrees with having two 18-hole courses; the question is economic feasibility.

Ms. Sullwold inquired whether a joint City Council and Golf Commission workshop could be held after 60 days to discuss ideas.

The Interim City Manager stated a business term sheet could be provided in July and could be turned into a lease or license agreement between one or two parties.

Councilmember Matarrese moved approval of negotiating with both parties with the understanding that components are needed for a par 3, driving range, and two 18-hole championship courses; stated the starting point would be two 18-hole courses and looking for financial feasibility; direction is to come back with a business term sheet based on the starting point, incorporating the non-profit aspect for operating the par 3 and working backwards from there.

Vice Mayor deHaan seconded the motion with the modification that the Mif Albright course portion not be addressed after the fact.

Under discussion, Councilmember Matarrese stated the motion started with the need for a par 3 course.

Vice Mayor deHaan stated that he understands Councilmember Matarrese's motion.

On the call for the question, the motion carried by the following voice vote: Ayes: Councilmembers deHaan, Gilmore, Matarrese, and Mayor Johnson – 4. Abstentions: Councilmember Tam – 1.

(10-127) Resolution No. 14432, "Supporting the City's Response to Google Inc.'s Request for Information Regarding the Google Fiber for Communities Initiative and Authorizing the Interim City Manager to Designate a Single Point of Contact and to Establish a Google Streamlining Task Force for the Project." Adopted.

The Deputy City Manager – Development Services gave a brief presentation.

Speakers: Howard Ashcraft, Wire Alameda; and Jim Meyer, Wire Alameda.

Councilmember Matarrese moved adoption of the resolution.

Councilmember Tam seconded the motion, which carried by unanimous voice vote – 5.

Vice Mayor deHaan stated that he is very impressed with the community coming forward regarding Google Wireless and the American Cup.

On the call for the question the motion carried by unanimous voice vote – 5.

ORAL COMMUNICATIONS, NON-AGENDA

None.

COUNCIL REFERRALS

(10-128) Consider Pursing the Establishment of a Task Group to Promote, Market and Support Businesses, Educational and Technology Resource Opportunities. Continued to April 6, 2010.

COUNCIL COMMUNICATIONS

None.

ADJOURNMENT

There being no further business, Mayor Johnson adjourned the meeting at 1:43 a.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL, ALAMEDA
REUSE AND REDEVELOPMENT AUTHORITY (ARRA) AND
COMMUNITY IMPROVEMENT COMMISSION MEETING
TUESDAY- -MARCH 16, 2010- -6:00 P.M.

Vice Mayor/Board Member/Commissioner deHaan convened the meeting at 6:10 p.m.

Roll Call – Present: Councilmembers/Board Members/ Commissioners deHaan, Gilmore, Matarrese, Tam and Mayor/Chair Johnson – 5.

Note: Mayor/Chair Johnson arrived at 6:40 p.m.

Absent: None.

The meeting was adjourned to Closed Session to consider:

(10-107 CC) Conference with Labor Negotiators; Agency negotiators: Interim City Manager and Human Resources Director; Employee organizations: Alameda Fire Managers Association, Alameda Police Managers Association and Executive Management

(10-108 CC/ARRA/10-12 CIC) Conference with Real Property Negotiator; Property: Alameda Point; Negotiating Parties: City of Alameda, ARRA, CIC, SunCal, Navy; Under Negotiations: Price and terms of payment.

Following the Closed Session, the meeting was reconvened and Mayor Johnson announced that regarding Labor, the Council received a briefing on the status of labor negotiations; no action was taken; and regarding Real Property, the Council / Board / Commission received a briefing from the Real Property Negotiator; no action was taken.

Adjournment

There being no further business, Mayor/Chair Johnson adjourned the meeting at 7:20 p.m.

Respectfully submitted,

Lara Weisiger, City Clerk
Secretary, CIC

The agenda for this meeting was posted in accordance with the Brown Act.

MINUTES OF THE SPECIAL JOINT CITY COUNCIL, ALAMEDA REUSE
AND REDEVELOPMENT AUTHORITY (ARRA) AND COMMUNITY
IMPROVEMENT COMMISSION (CIC) MEETING
TUESDAY- -MARCH 16, 2010- -7:01 P.M.

Mayor/Chair Johnson convened the meeting at 1:44 a.m. on March 17, 2010.

ROLL CALL - Present: Councilmembers / Board Members / Commissioners
deHaan, Gilmore, Matarrese, Tam and Mayor/Chair
Johnson – 5.

Absent: None.

MINUTES

(10-13 CIC) Minutes of the Special CIC Meeting Held on March 3, 2010. Approved.

Commissioner Matarrese moved approval of the minutes.

Commissioner deHaan seconded the motion, which carried by unanimous voice vote –
5.

AGENDA ITEM

(10-129 CC/ARRA/10-14 CIC) Consider SunCal's Requests for 60-Day Tolling Period
regarding Notice of Default Issued by Alameda on February 4, 2010.

The Deputy City Manager – Development Services gave a brief presentation.

Councilmember/Board Member/Commissioner Tam inquired what section of the
Executive Negotiating Agreement (ENA) explicitly uses the terms “Measure A” and
“Measure A Compliant”.

The City Attorney/Legal Counsel responded no such terms are used; stated an
interpretation suggests the terms; under the ENA, the developer had a chance to submit
an initiative for a non-Measure A compliant plan; the initiative failed; under the terms of
the ENA, SunCal is permitted to submit an Optional Entitlement Application (OEA)
which complies with existing law, which in this case is Measure A; regardless of the fact
that the ENA does not say “Measure A”, that is the interpretation.

Councilmember/Board Member/Commissioner Tam stated the City found SunCal in
default because the OEA is not consistent with existing law; requested an interpretation
of Section 3.2.5.1 of the ENA.

The City Attorney/Legal Counsel responded the issue tonight is whether or not to agree to a 60-day tolling period.

Councilmember/Board Member/Commissioner Tam stated that she is trying to understand the reason for the tolling period request and whether there is an ability on the part of the City's partner to cure the deemed default her understanding of Section 3.2.5.1 is that the developer shall use best efforts to submit all required supplemental information sufficient for the entitlement application to promptly be deemed complete by Alameda; inquired whether the City deemed the application incomplete.

The City Attorney/Legal Counsel responded the Notice of Default sets forth the analysis and reasoning; stated SunCal can be asked whether they feel capable of curing by the deadline; the City's position is that SunCal is clearly capable of curing; the Notice of Default is very specific about the problem with the OEA and what needs to be done to be in compliant with existing law.

Councilmember/Board Member/Commissioner Tam stated the ENA states that the developer may include: General Plan amendments, Zoning amendments to the MX Mixed Use zoning, and other entitlements and approvals the developer may request for the project site; inquired whether said action has occurred.

The Planning Services Manager responded the OEA includes a submittal for a MX amendment and specific plan for the site; stated neither submittal can be processed under the current City Charter and would require another initiative.

Councilmember/Board Member/Commissioner Tam inquired whether the submittals cannot be processed because of non-compliance with the Charter provisions or because the submittals do not include a request to deal with some General Plan and Zoning amendments or other entitlements including the Density Bonus Ordinance passed in December.

The Planning Services Manager responded General Plan, Rezoning, and Master Plan amendments were included; stated the problem is that the submittals cannot be processed because of inconsistency with the City Charter.

The Deputy City Manager – Development Services stated that ENA does not allow for a second initiative.

Councilmember/Board Member/Commissioner Tam inquired what is the typical process that the Community Development Department goes through when reviewing and considering non Measure A Compliant submittals; referenced the Francis Collins' project.

The Planning Services Manager responded the Collins project requested a density bonus; stated a Measure A compliant plan was submitted and was denied; a second submittal was a Measure A compliant plan and included more units than allowed under Measure A because it would be eligible for certain [density bonus] waivers, which is not what SunCal submitted.

Councilmember/Board Member/Commissioner Tam inquired whether staff has worked with SunCal since the OEA was submitted on March 14 to determine whether there is a way to be in compliance rather than providing a brand new submittal.

The Planning Services Manager responded staff cannot process a non Measure A project; stated an initiative is the only way to get the project approved; staff has met with SunCal many times and has explained the deficiency in the submittal; the Notice of Default is specific regarding some of the deficiencies; the current Density Bonus Ordinance is a bonus above either the Zoning or General Plan designation for the site.

The Deputy City Manager – Development Services stated the SunCal submittal does not include a density bonus application.

Councilmember/Board Member/Commissioner Tam inquired whether SunCal has the opportunity to submit a density bonus application, to which the Deputy City Manager – Development Services responded SunCal has been advised that they would need to submit a base project that is Measure A compliant and then submit a density bonus application that is consistent with the Density Bonus Ordinance.

Councilmember/Board Member/Commissioner Tam inquired who makes the determination on whether the Density Bonus Ordinance is applied appropriately.

The Deputy City Manager – Development Services responded an interdepartmental team would review the matter.

Councilmember/Board Member/Commissioner Tam inquired whether the matter would come to the Council/Board/Commission at any time, to which the Interim City Manager/ Interim Executive Director responded the process is administrative.

Speakers: Janet Gibson, Alameda; Andeas Cluver, Alameda County Building Trades Council; Andrew Slivka, Carpenters Union Local 713 and Alameda resident; Frank Faye, SunCal; Jim Sweeney, Alameda; Jean Sweeney, Alameda; Gretchen Lipow, Alameda; Ashley Jones, Alameda; Dorothy Freeman, Alameda; Rosemary McNally, Alameda; and Karen Bay, Alameda.

Mr. Faye stated that SunCal came to tonight's meeting in good faith and is trying to create positives; the ENA term runs through July; SunCal's intent is to move forward in a positive, transparent manner; SunCal has entered into a project labor agreement with organized labor; SunCal had hoped to use the tolling period to continue to expand the outreach of support; SunCal is prepared to lift the confidentiality under the ENA and believes that transparency is a good idea; SunCal will submit the OEA on time and will send a letter of reservation with the application; the deadline will be met; that he withdraws the request for the 60-day tolling period because Council wants to review the plan; SunCal has spent over \$100,000 in order to meet the deadline to submit a meaningful application; SunCal had hoped to submit the application without a reservation letter; SunCal looks forward to a completely transparent process

Councilmember/Board Member/Commissioner Gilmore inquired when transparency would start and what type of documents would be released.

Mr. Faye responded confidentiality provisions would be lifted immediately; stated the only exception would be business terms between SunCal and D. E. Shaw, which are proprietary and SunCal's underwriting, which is proprietary; all information going into creating the project performa would be transparent.

Councilmember/Board Member/Commissioner Gilmore stated residents had many questions regarding the financials and whether or not things would pencil out; that she would like to start with releasing the financials so that the public can pour through information and draw conclusions.

Mr. Faye stated SunCal is committed to the transparent process; SunCal loaned an underwriter to the City for stress models; SunCal has nothing to hide; the information flow was imperfect; that he withdraws the request for the 60-day tolling period so that no action is needed tonight; the Council/Board Members/Commissioners should meet with SunCal as soon as OEA corrections are submitted; SunCal has rebuilt part of its team; the new partners in labor are going to surprise the Council/Board Members/Commissioners.

Vice Mayor/Board Member/Commissioner deHaan stated a year ago, SunCal started going down a contentious avenue and moved on to a situation where the election was deferred; the election could have occurred in November of last year; the City has been in the [ENA] agreement for three years; the initiative was very trying and became a campaign with a different approach; when SunCal lost its financial partner, the Council/Board Members/Commissioners extended the agreement for eight months; another extension was given for the initiative; the process has been prolonged; an 85% [voters against initiative] outcome is unknown in preceding elections; that he commends SunCal for the effort to make nice with the union; SunCal has not talked with

other stakeholders; SunCal is coming from a position of distrust within the community by its own choosing; that he does not see any humbleness.

Mr. Faye stated that he has addressed the Council/Board Members/Commissioners because of the enormity of the situation; lifting the transparency will help everyone to avoid the misunderstanding; SunCal has an obligation to submit a transparent plan and looks forward to meeting the upcoming deadline as presented; rights will be reserved in a letter.

Vice Mayor/Board Member/Commissioner deHaan stated SunCal spent \$1,250,000 on the campaign; the community had to take on a poorly written initiative; that he hopes the community will never see a similar situation again; money seems to be more important than good will.

Mr. Faye stated that is not SunCal's intent; SunCal has paid between \$10 and \$12 million on the project and has tried to be a good partner with the City; SunCal and D.E. Shaw are still willing and able to make contributions; most sponsors are gone, lenders are not giving land loans, and most equity partners are not putting out money.

Councilmember/Board Member/Commissioner Tam stated SunCal's proposal is to meet the deadline and submit an OEA by March 22, 2010 which can be processed by staff; that she does not understand how the process interplays with Council; inquired what is the best way to maximize opportunity for transparency.

The City Attorney/Legal Council responded the process would be the same as for any development plan or submittal for entitlement; stated staff will review the matter, which will be forwarded on to the Planning Board once it is considered complete.

Mr. Faye stated in the past, Council has formed a sub-committee to accompany staff in meetings to help develop a consensus; SunCal would love to have the opportunity to present responses and ideas directly to the Council/Board Members/Commissioners in an appropriate forum.

Councilmember/Board Member/Commissioner Gilmore inquired whether a factual description could be published on the new submittal so that the community is informed; stated residents were interested and curious regarding the January 14th submittal.

The City Attorney/Legal Council responded the submittal would be a public record.

Councilmember/Board Member/Commissioner Tam inquired whether the submittal could be summarized and presented at a Council meeting.

Vice Mayor/Board Member/Commission deHaan inquired whether an executive summary would be included.

Mr. Faye responded that he is not sure whether an executive summary is required but would be happy to provide one.

Councilmember/Board Member/Commissioner Tam stated an update could be provided under City Manager Communications.

The Interim City Manager/Interim Executive Director responded information would be provided at the April 6 Council Meeting.

Councilmember/Board Member/Commissioner Matarrese stated the document would be public when submitted on March 22nd.

The Interim City Manager/Interim Executive Director requested that Mr. Faye introduce new team members.

Mr. Faye stated Robert Hertzberg has joined SunCal and will provide an additional set of eyes; that he [Mr. Faye] is a partner and will be at every hearing; that he withdraws the request for the 60-day tolling period; a project would be submitted by the deadline; stated SunCal would lift confidentiality requirements in the ENA with exceptions.

ADJOURNMENT

There being no further business, Mayor/Chair Johnson adjourned the meeting at 2:54 a.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Brown Act.